

REMARKS

Applicants request favorable reconsideration and allowance of the present application in view of the foregoing amendments and the following remarks.

The specification has been amended in accordance with the disclosure in Fig. 11. No new matter has been added.

Claims 1-33 are pending in the present application. Claims 1, 12, 3 and 24 are the independent claims.

Claims 1, 3-8, and 10-24 have been amended. Applicants submit that support for these amendments can be found at least, for example, in the original disclosure of the specification at page 10, lines 10-12 and page 14, lines 10-20. Therefore, no new matter has been added.

Claims 1, 7-13, and 19-33 were rejected under 35 U.S.C. 102 (b) as being anticipated by EP0840513A2 (Cox '513). Claims 2-6 and 14-18 were rejected under 35 U.S.C. 103(a) as being unpatentable over Cox '513 and EP0766468A2 (Cox '468).

Applicants respectfully traverse these rejections for the reasons discussed below.

As recited in independent Claim 1, the present invention includes, *inter alia*, the features of estimating a capacity of a subset of digital data to receive a message and selecting, based on a size of the message compared to the estimated capacity, and from a set of messages representing a same messages with each having a different number of bits, a message having a size less than or equal to the estimated capacity. With these features, a message such as a watermark, for example can be selected from among a plurality of

watermarks that represent the same message but have a different number of bits, with the selection based on a comparison of the size of the watermark to the estimated capacity of digital data to receive a watermark. Thus, a watermark is selected that best fits the digital data into which it is to be inserted.

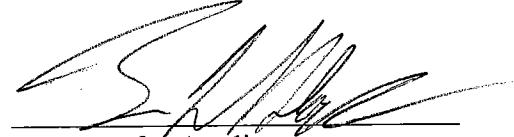
Applicants submit that the cited art fails to disclose or suggest these features. In particular, Applicants submit that Cox ‘513 does not disclose or suggest at least the feature of estimating a capacity and selecting a message based on the size of the messae compared to the estimated capacity, as recited in Claim 1. The other cited art fails to remedy the deficiencies of Cox ‘513.

For the foregoing reasons, Applicants submit that the present invention recited in independent Claim 1 is patentable over the art of record. The other independent claims recite similar features and are believed patentable for similar reasons. The dependent claims are patentable for at least the same reasons as the independent claims, as well as for the additional features they recite.

For the foregoing reasons, this application is believed to be in condition for allowance. Favorable reconsideration, withdrawal of the outstanding rejections, and an early Notice of Allowance are requested.

Applicants' undersigned attorney may be reached in our Washington, DC office by telephone at (202) 530-1010. All correspondence should continue to be directed to our below-listed address.

Respectfully submitted,



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